



THE FAMILY LINES RAIL SYSTEM

500 Water Street · Jacksonville, Florida 32202 · Telephone (904) 359-3100

November 10, 1982

RECORDATION NO. 13851
NOV 22 1982 - 10 30 AM

LAW DEPARTMENT
Writer's direct
telephone line: 359-3674

Honorable Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D. C.

2-326A082
No. NOV 22 1982
Date
Fee \$ 50.00

ICC Washington, D. C.

Dear Mrs. Mergenovich:

I am enclosing for filing and recordation under the provisions of 49 U.S.C. § 11303 executed counterparts Nos. 1, 2 and 3 of an Equipment Lease Agreement dated as of July 1, 1981, described in detail below:

1. Names and addresses of the parties to the Equipment Lease Agreement
 - (a) Lessor - Seaboard Coast Line Railroad Company, Jacksonville, Florida
 - (b) Joint Lessees - Seaboard Coast Line Railroad Company and Louisville and Nashville Railroad Company, Jacksonville, Florida
2. Description of equipment covered by Equipment Lease Agreement

Identifying marks

"Ownership Subject to a Security Interest Filed with the Interstate Commerce Commission"

<u>General Description</u>	<u>Type of Equipment</u>	<u>A.A.R. Mech. Design.</u>	<u>Number</u>	<u>Road Number</u>
Diesel-electric Locomotives	GP-16 1600 H.P.	B-B	1	CRR 4611

RECEIVED
NOV 22 10 24 AM '82
FEE DEPOSITED

- 2 -

3. Counterpart Nos. 2 and 3 of the above-mentioned document should be returned to the undersigned, 500 Water Street, Jacksonville, Florida 32202.

I am enclosing this Company's draft for \$50.00 covering the recordation fee.

Yours very truly

Edward C. Tannen
Assistant General Solicitor

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Edward C. Tannen
Assistant General Solicitor
The Family Lines Rail System
500 Water Street
Jacksonville, Florida 32202

November 22, 1982

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/22/82 at 10:30AM , and assigned re-recording number(s). 13851

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. 13851
NOV 22 1982 - 10 30 AM
INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT dated as of July 1, 1981, between SEABOARD COAST LINE RAILROAD COMPANY, a Virginia Corporation, (hereinafter called "SCL") and SCL and LOUISVILLE AND NASHVILLE RAILROAD COMPANY, which two lines of railroad jointly operate the line of railroad known as the CLINCHFIELD RAILROAD COMPANY (hereinafter called the "Clinchfield").

WITNESSETH THAT:

WHEREAS, SCL owns a rebuilt diesel-electric GP-16 locomotive bearing road number CRR 4611, and

WHEREAS, Clinchfield desires to lease said locomotive from SCL, (the "Unit") at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Clinchfield, SCL hereby leases the Unit to Clinchfield upon the following terms and conditions.

SECTION 1. Delivery and Acceptance of Units. SCL will cause the Units to be delivered to Clinchfield at the point or points within the United States of America at Tampa, Florida or Waycross, Georgia, or such other point as may be specified by Clinchfield, whereupon it shall be deemed to have been delivered to and accepted by Clinchfield and shall be subject thereafter to all the terms and conditions of this Lease.

SECTION 2. Rentals. Clinchfield agrees to pay to SCL rental for the Unit in consecutive semiannual payments, payable on January 1 and July 1 in each year commencing with January 1, 1982 (or if any such date is not a business day on the next succeeding business day). Rental shall be \$3,100 per month. Such rental shall be payable to SCL, or as SCL may from time to time instruct Clinchfield.

This Lease is a net lease and Clinchfield shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of Clinchfield against SCL under this Lease; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of SCL or Clinchfield be otherwise affected, by reason of any liens, encumbrances or rights of others with respect to the Unit, the prohibition of or other restriction against Clinchfield's use of the Unit, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future

law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by Clinchfield hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, Clinchfield hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of the Unit except in accordance with the express terms hereof. Each rental or other payment made by Clinchfield hereunder shall be final and Clinchfield shall not seek to recover all or any part of such payment from SCL for any reason whatsoever.

SECTION 3. Terms of Lease. The term of this Lease as to each Unit shall begin on the date hereof and delivered and, subject to the provisions of Sections 6, and 9 hereof, shall terminate on July 1, 1991.

SECTION 4. Identification Marks. Clinchfield will cause the Unit to be kept numbered and marked with the road number specified above, and shall be marked on each side, in letters not less than one inch in height, reading:

"OWNERSHIP SUBJECT TO A SECURITY INTEREST FILED WITH THE INTERSTATE COMMERCE COMMISSION."

SECTION 5. Impositions. All payments to be made by Clinchfield hereunder will be free of expense to SCL for collection or other charges and will be free of expense to SCL with respect to the amount of all collection charges, all license and registration fees and all taxes, including without limitation, income, sales, use, personal property, stamp, interest equalization, withholding and other taxes, levies, imposts, duties, charges, or withholdings of any nature, together with any penalties, fines or interest thereon (all such collection charges, fees, taxes, levies, imposts, duties, charges, withholdings, penalties, fines and interest being hereinafter called collectively "Impositions"), imposed against Clinchfield, and Clinchfield shall be obligated to make any and all payments and file all reports which SCL is required to pay and file as a result of such Impositions.

SECTION 6. Maintenance; Payment for Casualty Occurrences: Insurance. Clinchfield agrees, that, at its own cost and expense, it will maintain and keep the Unit in good operating order, repair and condition, ordinary wear and tear excepted.

In the event that the Unit shall be or become worn out, lost, stolen, destroyed, or, in Clinchfield's opinion, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a period of 90 consecutive days or a period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by Clinchfield for the lesser of a period of 90 consecutive days or a period which shall exceed the then remaining term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence"), this Lease shall terminate. Clinchfield shall pay to SCL the fair market value of the Unit at the time of such Casualty Occurrence.

Clinchfield will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained types and amounts of insurance in respect of the Unit at the time subject hereto and the use and operation thereof, including, without limitation, property insurance and public liability insurance, in such amounts and for such risks and with such insurance companies as are at least comparable to insurance coverage carried by Clinchfield in respect of similar equipment owned or leased by it.

SECTION 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1983, Clinchfield will furnish to SCL or as SCL shall direct a report stating that, in case the Unit shall have been repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 4 hereof have been preserved or replaced.

SECTION 8. Compliance with Laws and Rules, Maintenance, and Indemnification. Clinchfield agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Unit) with all applicable laws of the jurisdictions in which its operations involving the Unit may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Unit, to the extent that such laws and rules affect the title, operation or use of the Unit (the "Applicable Laws"), and in the event that, prior to the expiration of this Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part of the Unit, Clinchfield will conform therewith at its own expense; provided, however, that Clinchfield may at its own expense, in good faith, contest the validity or application of any Applicable Law in any

reasonable manner which does not, in the advance opinion of Clinchfield affect the property or rights of SCL under this Lease. So long as no Event of Default shall have occurred and be continuing, Clinchfield at its own cost and expense, may furnish additions, modifications and improvements to the Unit during the term of this Lease provided that such additions, modifications and improvements (a) are readily removable without causing material damage to the Unit and (b) do not diminish its utility or value. The additions, modifications and improvements made by Clinchfield under the first sentence of this paragraph shall be owned by SCL, and the additions, modifications and improvements made by Clinchfield under the second sentence of this paragraph shall (unless any such addition, modification or improvement is a replacement of or substitution for, any part originally incorporated or installed in or attached to a Unit or any part in replacement of or substitution for any such original part) be owned by Clinchfield.

Clinchfield agrees to indemnify, protect and hold harmless Clinchfield from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as a result of (i) entering into the ownership of the Unit, (ii) the ordering, acquisition, use, operation, maintenance, condition, reconstruction, purchase, delivery, rejection, storage or return of the Unit, or (iii) any accident in connection with the operation, use, condition, reconstruction, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, including without limitation any claim based upon the doctrines of product liability or strict or absolute liability in tort or by statute imposed. Clinchfield agrees to give SCL promptly upon obtaining knowledge thereof, written notice of any claim or liability to be indemnified against hereunder. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the delivery of the Equipment or the full payment and performance of all obligations under this Lease or the expiration or termination of the term of this Lease.

Clinchfield agrees to prepare and deliver to SCL within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of SCL) any and all reports (other than income tax returns) to be filed by SCL with any Federal, state or other regulatory authority by reason of the ownership by SCL or the leasing thereof to the Lessee.

SECTION 9. Default. If, during the continuance of this Lease, one or more of the following events (each such event

being hereinafter sometimes called an "Event of Default") shall occur:

- A. default shall be made in payment of any part of the rental provided in Section 2 hereof and such default shall continue for five days.
- B. Clinchfield shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Unit.
- C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Clinchfield contained herein or in the Lease and such default shall continue for 30 days after written notice from SCL to Clinchfield specifying the default and demanding that the same be remedied;

then, in any such case, SCL at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by Clinchfield of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to Clinchfield terminate this Lease, whereupon all rights of Clinchfield to the use of the Unit shall absolutely cease and terminate as though this Lease had never been made, but Clinchfield shall remain liable as hereinafter provided, and thereupon SCL may by its agents enter upon the premises of Clinchfield or other premises where the Units may be and take possession of it and thenceforth hold, possess and enjoy the same free from any right of Clinchfield, or its successors or assigns, to use the Units for any purpose whatever; but SCL shall, nevertheless, have a right to recover from Clinchfield any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and

also to recover forthwith from Clinchfield (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to the Units, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rental for the Units which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to the Units over (y) the then present value of the rentals which SCL reasonably estimates to be obtainable for the Unit during each period, such present value to be computed in each case on the basis of a 12% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which SCL shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

The remedies in this Lease provided in favor of SCL shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. Clinchfield hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. Clinchfield hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by Clinchfield or on its behalf.

The failure of SCL to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 10. Return of Unit Upon Default. If this Lease shall terminate pursuant to Section 9 hereof, Clinchfield shall forthwith deliver possession of the Unit to SCL. For the purpose of delivering possession of the Unit to SCL as above required, Clinchfield shall at its own cost, expense and risk:

(a) forthwith place the Unit upon such storage tracks of Clinchfield as SCL reasonably may designate;

(b) permit SCL to store the Unit on such tracks at the risk of Clinchfield until it has been disposed of by SCL; and

(c) transport the same to any place on the lines of railroad operated by Clinchfield or any of its affiliates or to any connecting carrier for shipment all as directed by SCL.

The delivery, storage and transporting of the Unit as hereinbefore provided shall be at the expense and risk of Clinchfield and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, SCL shall be entitled to a decree against Clinchfield requiring specific performance of the covenants of Clinchfield so to assemble, deliver, store and transport the Unit. During any storage period, Clinchfield will permit SCL or any person designated by it, including the authorized representative or representatives of any prospective purchaser of the Unit, to inspect the same.

Without in any way limiting the obligation of Clinchfield under the foregoing provisions of this Section 10, Clinchfield hereby irrevocably appoints SCL as the agent and attorney of Clinchfield, with full power and authority, at any time while Clinchfield is obligated to deliver possession of the Unit to SCL, to demand and take possession of the Unit in the name and on behalf of Clinchfield from whomsoever shall be in possession of the Unit at the time.

SECTION 11. Assignment, Possession and Use. This Lease shall be assignable in whole or in part by SCL without the consent of Clinchfield, but Clinchfield shall be under no obligation to any assignee of SCL except upon written notice of such assignment from SCL. All the rights of SCL hereunder (including, but not limited to, the rights under Sections 5, 6 and 9 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of SCL's assigns (including the partners or any beneficiary of any such assignee if such assignee is a partnership or a trust, respectively). Whenever the term SCL is used in this Lease it shall apply and refer to each such assignee of SCL.

So long as Clinchfield shall not be in default under this Lease and so long as SCL shall not be in default under the Lease, Clinchfield shall be entitled to the possession and use of the Unit in accordance with the terms of this Lease and the Lease, but, without the prior written consent of SCL, Clinchfield shall not assign or transfer its leasehold interest under this Lease in the Unit. Clinchfield, at its own expense,

will promptly pay or discharge any and all sums claimed by any part which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against SCL or the Lessor not related to the ownership of the Unit) upon or with respect to the Unit, including any accession thereto, or the interest of SCL, the Lessor or Clinchfield therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises. Clinchfield shall not, without the prior written consent of SCL, part with the possession or control of, or suffer or allow to pass out of its possession or control, the Unit, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as Clinchfield shall not be in default under this Lease, Clinchfield shall be entitled to the possession of the Unit and to the use of the Unit by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which Clinchfield or any such affiliate has trackage or other operating rights or over which railroad equipment of Clinchfield or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Unit upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease; provided, however, that Clinchfield shall not assign or permit the assignment of the Unit to service involving the regular operation and maintenance thereof outside the United States of America. Clinchfield may receive and retain compensation for such use from other railroads so using the Units.

Section 12. No Renewal Option; No Right to Purchase Unit. Clinchfield shall have no option to renew this Lease at the expiration of the term thereof, nor shall it have any right to purchase the Unit at the expiration of the term of this Lease.

SECTION 13. Return of Unit upon Expiration of Term. As soon as practicable on or after the expiration of the term of this Lease, but in no case longer than 30 days after such expiration, Clinchfield will, at its own cost and expense, at the request of SCL deliver possession of the Unit to SCL upon such storage tracks of Clinchfield as Clinchfield may designate, or, in the absence of such designation, as SCL may select, and permit SCL to store the Unit on such tracks for a period not exceeding 90 days and transport the same, at any time within such three-month period, to any reasonable place on the lines of railroad operated by Clinchfield, or to any connecting carrier for shipment, all as directed by SCL; the movement and storage of the Unit to be at the expense and risk of Clinchfield.

During any such storage period Clinchfield will permit SCL or any person designated by it, to inspect the same; provided, however, that Clinchfield shall not be liable, except in the case of negligence of Clinchfield or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of SCL, the rights of inspection granted under this sentence. The delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease.

SECTION 14. Recording, Expenses. Clinchfield will cause this Lease to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303. Clinchfield will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by SCL for the purpose of proper protection, to its satisfaction, of SCL's interests in the Unit, or for the purpose of carrying out the intention of this Lease or any assignment thereof; and SCL will promptly furnish to Clinchfield evidences of all such filing, registering, depositing or recording.

SECTION 15. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of Clinchfield promptly to pay, to the extent legally enforceable, an amount equal to 12% per annum of the overdue rentals for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

SECTION 16. Severability, Effect and Modification of Lease. Any provision of this sublease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of Clinchfield and Clinchfield with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

SECTION 17. Execution. This Lease may be executed in several counterparts, each of which so executed shall be deemed

to be an original, and such counterparts together shall constitute but one and the same instrument. Although this Lease is dated as of July 1, 1981, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

SECTION 18. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Virginia; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

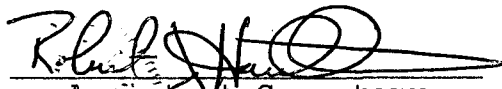
IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

SEABOARD COAST LINE RAILROAD
COMPANY, LESSOR

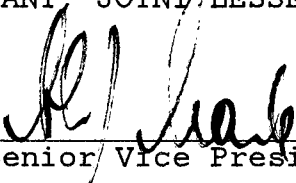
By 
Senior Vice President-Finance

(CORPORATE SEAL)

Attest:

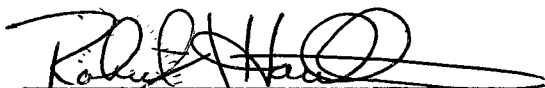

Assistant Secretary

SEABOARD COAST LINE RAILROAD
COMPANY, JOINT LESSEE

By 
Senior Vice President-Finance

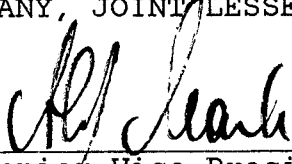
(CORPORATE SEAL)

Attest:


Assistant Secretary

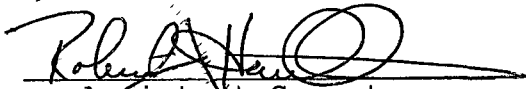
LOUISVILLE AND NASHVILLE RAILROAD
COMPANY, JOINT LESSEE

By


Senior Vice President-Finance

(CORPORATE SEAL)

Attest:


Assistant Secretary

STATE OF FLORIDA)
 (ss.:
COUNTY OF DUVAL)

On this 21st day of October, 1982, before me personally appeared Alex J. Mandl, to me personally known, who, being by me duly sworn, says that he is Senior Vice President-Finance of SEABOARD COAST LINE RAILROAD, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Julia L. Inglette
Notary Public

My commission expires
NOTARY PUBLIC, STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES AUG. 5, 1984

STATE OF FLORIDA)
 (ss.:
COUNTY OF DUVAL)

On this 21st day of October, 1982, before me personally appeared Alex J. Mandl, to me personally known, who, being by me duly sworn, says that he is Senior Vice President - Finance of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Julia L. Inglette
Notary Public

My commission expires
NOTARY PUBLIC, STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES AUG. 5, 1984